

भारत का राजपत्र The Gazette of India

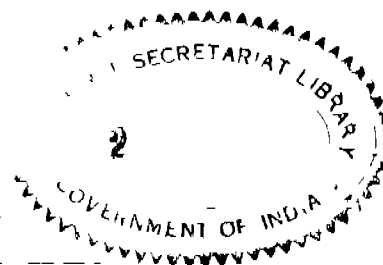
असाधारण
EXTRAORDINARY

भाग II—खंड 2

PART II—Section 2

प्राधिकार से प्रकाशित

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation

LOK SABHA

The following Bill was introduced in Lok Sabha on the 28th February, 1969:—

BILL No. 17 of 1969

A Bill to give effect to the financial proposals of the Central Government for the financial year 1969-70

Be it enacted by Parliament in the Twentieth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

5 1. (1) This Act may be called the Finance Act, 1969.

(2) Save as otherwise provided in this Act, sections 2 to 25 shall be deemed to have come into force on the 1st day of April, 1969.

Short
title
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CHAPTER II

RATES OF INCOME-TAX

10

2. (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 1969, income-tax shall be charged at the rates specified in Part I of the First Schedule and, in the cases to which Paragraphs A, B, C and D of that Part apply, shall be increased by a surcharge for purposes of the Union and in the cases to which Paragraph C applies, also by a special surcharge for purposes of the Union, calculated in each case in the manner provided therein.

(2) In making any assessment for the assessment year commencing on the 1st day of April, 1969, where the total income of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, includes any profits and gains from life insurance business, the income-tax payable by it shall be the aggregate of the income-tax calculated—

(i) on the amount of profits and gains from life insurance business so included, at the rate applicable in the case of the Life Insurance Corporation of India, in accordance with Paragraph E of Part I of the First Schedule, to that part of its total income which consists of profits and gains from life insurance business; and

(ii) on the remaining part of its total income, at the rate applicable to the company on its total income.

(3) In cases to which Chapter XII of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) applies, the tax chargeable shall be determined as provided in that Chapter, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter, as the case may be.

(4) In cases in which tax has to be deducted under sections 193, 194, 194A and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule.

(5) In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the rate or rates specified in Part III of the First Schedule.

(6) For the purposes of this section and the First Schedule,—

(a) "company in which the public are substantially interested" means a company which is such a company as is referred to in section 108 of the Income-tax Act;

(b) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1969, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income in accordance with the provisions of section 194 of that Act;

(c) "industrial company" means a company which is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining.

Explanation.—For the purposes of this clause, a company shall be deemed to be mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining, if the income attributable to any one or more of the aforesaid activities included in its total income of the previous year (as computed before making any deduction under Chapter VIA of the Income-tax Act) is not less than fifty-one per cent. of such total income;

(d) “tax free security” means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;

(e) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings, respectively, assigned to them in that Act.

CHAPTER III

INCOME-TAX

3. In section 2 of the Income-tax Act, in clause (18), for sub-clause (b), the following sub-clause shall be substituted with effect from the 1st day of April, 1970, namely:—

Amendment of section 2.

1 of 1956.

“(b) if it is a company which is not a private company as defined in the Companies Act, 1956, and the conditions specified shall be inserted with effect from the 1st day of April, 1970, namely:—

42 of 1956.

(A) shares in the company (not being shares entitled to a fixed rate of dividend whether with or without a further right to participate in profits) were, as on the last day of the relevant previous year, listed in a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956, and any rules made thereunder;

(B) (i) shares in the company (not being shares entitled to a fixed rate of dividend whether with or without a further right to participate in profits) carrying not less than fifty per cent. of the voting power have been allotted unconditionally to, or acquired unconditionally by, and were throughout the relevant previous year beneficially held by—

(a) the Government, or

(b) a corporation established by a Central, State or Provincial Act, or

(c) any company to which this clause applies or any subsidiary company of such company where such subsidiary company fulfils the conditions laid down in clause (b) of section 108 (hereafter in this clause referred to as the subsidiary company), or

(d) the public (not being a director, or a company to which this clause does not apply);

(ii) the said shares were, during the relevant previous year, freely transferable by the holder to the other members of the public; and

(iii) the affairs of the company, or the shares carrying more than fifty per cent. of its total voting power were at no time, during the relevant previous year, controlled or held by five or less persons.

Explanation 1.—In computing the number of five or less persons aforesaid,—

(i) the Government or any corporation established by a Central, State or Provincial Act or a company to which this clause applies or the subsidiary company of such company shall not be taken into account, and

(ii) persons who are relatives of one another, and persons who are nominees of any other person together with that other person, shall be treated as a single person.

Explanation 2.—In its application to an Indian company whose business consists mainly in the construction of ships or in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power, item (B) shall have effect as if for the words “not less than fifty per cent.” and “more than fifty per cent.”, the words “not less than forty per cent.” and “more than sixty per cent.” had, respectively, been substituted;.

Amend-
ment of
section
16.

4. In section 16 of the Income-tax Act, in clause (iv), for item (1), the following item shall be substituted with effect from the 1st day of April, 1970, namely:—

“(1) where the conveyance is a motor car and the amount of the salary due to the assessee in respect of the previous year—

(a) does not exceed Rs. 25,000 Rs. 200;

(b) exceeds Rs. 25,000 Rs. 250;”.

Amend-
ment of
section
40A.

5. In section 40A of the Income-tax Act, after sub-section (3), the following sub-section shall be inserted, namely:—

“(4) Notwithstanding anything contained in any other law for the time being in force or in any contract, where any payment in respect of any expenditure has to be made by a crossed cheque drawn on a bank or by a crossed bank draft in order that such expenditure may not be disallowed as a deduction under sub-section (3), then the payment may be made by such cheque or draft; and where the payment is so made or tendered, no person shall be allowed to raise, in any suit or other proceeding, a plea based on the ground that the payment was not made or tendered in cash or in any other manner.”.

Amend-
ment of
section
80C.

6. In section 80C of the Income-tax Act,—

(a) in sub-section (2),—

(i) in clause (a), for the words “on the life of the wife or husband of the assessee”, wherever they occur, the words “on the life of the wife or husband or any child of the assessee” shall be substituted with effect from the 1st day of April, 1970;

(ii) in clause (b), for the words "on the life of any male member of the family or of the wife of any such member", the words "on the life of any member of the family" shall be substituted with effect from the 1st day of April, 1970;

(iii) in the *Explanation* at the end of clause (b), in clause (ii), the brackets and words "(being the assessee, or a male member of a Hindu undivided family where such family is the assessee)" shall be omitted with effect from the 1st day of April, 1970;

(b) in sub-section (4),—

(i) in clause (i), the proviso shall be omitted;

(ii) in clause (ii), the brackets, words and letter "[including an author, playwright, artist, musician or actor, to whom the provisions of clause (i) do not apply]," shall be omitted.

7. In section 80J of the Income-tax Act,—

(a) in sub-section (4), in clause (iii), for the words "twenty-three years", the words "twenty-eight years" shall be substituted;

Amend-
ment of
section
80J.

(b) in sub-section (5), in clause (iii), for the words "twenty-three years", the words "twenty-eight years" shall be substituted.

8. In section 80L of the Income-tax Act, in sub-section (1), for the words "five hundred rupees", wherever they occur, the words "one thousand rupees" shall be substituted with effect from the 1st day of April, 1970.

Amend-
ment of
section
80L.

9. After section 80M of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1970, namely:—

Insertion
of new
section
80MM.

'80MM.(1) Where the gross total income of an assessee being an Indian company includes any income by way of royalty, commission, fees or any other payment (not being income chargeable under the head "Capital gains") received by it from any person carrying on a business in India in consideration for—

Deduct-
tion in
the case
of an
Indian
company
in res-
pect of
royalties,
etc., re-
ceived
from
any con-
cern in
India.

(i) the provision of technical know-how which is likely to assist in the manufacture or processing of goods or materials, or in the installation or erection of machinery or plant for such manufacture or processing, or in the working of a mine, oil well or other source of mineral deposits, or in the search for, or discovery or testing of, mineral deposits or the winning of access to them, or in carrying out any operation relating to agriculture, animal husbandry, dairy or poultry farming, forestry or fishing, or

(ii) rendering services in connection with the provision of such technical know-how,

under an agreement entered into by the assessee with such person on or after the 1st day of April, 1969 and approved by the Central Government in this behalf before the 1st day of October of the relevant assessment year, there shall be allowed a deduction from such income of an amount equal to forty per cent. thereof, in computing the total income of the assessee.

(2) For the purposes of this section "provision of technical know-how" means,—

(i) the transfer of all or any rights (including the granting of a licence) in respect of a patent, invention, model, design, secret formula or process or similar property;

(ii) the imparting of any information concerning the working of, or the use of, a patent, invention, model, design, secret formula or process or similar property;

(iii) the use of any patent, invention, model, design, secret formula or process or similar property;

(iv) the imparting of any information concerning industrial, commercial or scientific knowledge, experience or skill.

(3) The provisions of sub-section (1) shall not apply in relation to any income in respect of which the assessee is entitled to the deduction specified in section 80O.

Amend-
ment of
section
80P.

10. In section 80P of the Income-tax Act,—

(a) in sub-section (2), in clause (c), for the words "fifteen thousand rupees", the words "twenty thousand rupees" shall be substituted with effect from the 1st day of April, 1970;

(b) sub-section (4) shall be omitted with effect from the 1st day of April, 1970.

Insertion
of new
section
80RR.

11. After section 80R of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1970, namely:—

Deduc-
tion in
respect
of pro-
fessional
income
from
foreign
sources
in cer-
tain
cases.

"80RR. Where the gross total income of an individual resident in India, being an author, playwright, artist, musician or actor, includes any income derived by him in the exercise of his profession from the Government of a foreign State or any person not resident in India, and such income is received in, or brought into, India by him or on his behalf in accordance with the Foreign Exchange Regulation Act, 1947, and any rules made thereunder, there shall be allowed a deduction from such income of an amount equal to twenty-five per cent. of the income so received or brought, in computing the total income of the individual."

7 of 1947.

Substitu-
tion of
new sec-
tion for
section
208.

12. For section 208 of the Income-tax Act, the following section shall be substituted, namely:—

Condi-
tion of
liability
to pay
advance
tax.

"208. (1) Advance tax shall be payable during the financial year—

(a) where the total income, exclusive of capital gains, of the assessee, referred to in sub-clause (i) of clause (a) of section 209, exceeds the amount specified in sub-section (2), or

(b) where it is payable by virtue of the provisions of sub-section (3) of section 212.

(2) The amount referred to in clause (a) of sub-section (1) shall be—

(a) in the case of a company or a local authority .. Rs. 2,500;

(b) in the case of a registered firm Rs. 30,000;

(c) in the case of a person other than a company, a local authority or a registered firm,—

(i) where such person was not resident in India during the previous year referred to in sub-clause (i) of clause (a) of section 209 or such person being a person referred to in sub-section (3) of section 212 is not likely to be resident in India during the previous year relevant to the assessment year next following the financial year in which the advance tax is payable Rs. 5,000;

(ii) in any other case Rs. 10,000.”.

13. In section 209 of the Income-tax Act,—

(a) in clause (a), in sub-clause (iii), for the words “on any income, included in the said total income”, the words and brackets “on any income (as computed before allowing any deductions admissible under this Act) on which tax is required to be deducted under the said sections and which has been taken into account in computing the said total income” shall be substituted;

Amend-
ment of
section
209.

(b) in clause (c), after the word, brackets and figure “sub-section (3)”, the words, brackets, figure and letter “or sub-section (3A)” shall be inserted.

14. In section 210 of the Income-tax Act, in sub-section (3), for the words, figures and letters “before the 15th day of February of the financial year”, the words, brackets and figures “at any time before the date which is fifteen days prior to the date on which the last instalment of advance tax is payable by the assessee under sub-section (1) of section 211” shall be substituted.

Amend-
ment of
section
210.

15. In section 211 of the Income-tax Act,—

(a) for sub-section (1), the following sub-section shall be substituted, namely:—

Amend-
ment of
section
211.

“(1) Subject to the provisions of this section and of section 212, advance tax shall be payable in three equal instalments on the following dates during the financial year, namely:—

(i) the 15th day of June, the 15th day of September and the 15th day of December, in the case of an assessee whose total income to the extent of 75 per cent. thereof or more is derived from a source or sources for which the previous year (relevant to the assessment year next following the financial year aforesaid) ends on or before the 31st day of December;

(ii) the 15th day of September, the 15th day of December and the 15th day of March, in any other case.

Explanation.—In this sub-section, “total income” means,—

(a) in a case where advance tax is paid by the assessee in accordance with an order of the Income-tax Officer under section 210, the total income with reference to which the advance tax payable has been calculated in such order; 5

(b) in a case where the advance tax is paid in accordance with an estimate made by the assessee under section 212, the total income with reference to which the advance tax is so estimated, 10

as reduced, in either case, by the capital gains, if any, included therein;’

(b) in sub-section (2), for the figures, letters and words “1st day of March” and “1st day of December”, the figures, letters and words “15th day of March” and “15th day of December” shall, respectively, be substituted. 15

Amend-
ment of
section
412.

16. In section 212 of the Income-tax Act,—

(a) for sub-section (1), the following sub-section shall be substituted, namely:— 20

“(1) If any assessee who is required to pay advance tax by an order under section 210 estimates at any time before the last instalment of advance tax is due in his case that, by reason of his total income (exclusive of capital gains, if any) of the period which would be the previous year for the immediately following assessment year (such total income being, hereafter in this section, referred to as current income) being likely to be less than the income on which the advance tax payable by him under section 210 has been computed or for any other reason, the advance tax payable by him would be less than the amount which he is so required to pay, he may, at his option, send to the Income-tax Officer an estimate of— 25 30

(i) the current income, and

(ii) the advance tax payable by him on the current income calculated in the manner laid down in section 209, 35

and shall pay such amount of advance tax as accords with his estimate in equal instalments on such of the dates applicable in his case under section 211 as have not expired, or in one sum if only the last of such dates has not expired.”;

(b) for sub-section (3), the following sub-sections shall be substituted, namely:— 40

“(3) Any person who has not previously been assessed by way of regular assessment under this Act or under the Indian Income-tax Act, 1922, shall, in each financial year, before the date on which the last instalment of advance tax is due in his case under sub-section (1) of section 211, if his current income 45

is likely to exceed the amount specified in sub-section (2) of section 208, send to the Income-tax Officer an estimate of—

(i) the current income, and

(ii) the advance tax payable by him on the current income calculated in the manner laid down in section 209, and shall pay such amount of advance tax as accords with his estimate on such of the dates applicable in his case under section 211 as have not expired, by instalments which may be revised according to sub-section (2).

(3A) In the case of any assessee who is required to pay advance tax by an order under section 210, if, by reason of the current income being likely to be greater than the income on which the advance tax payable by him under section 210 has been computed or for any other reason, the amount of advance tax computed in the manner laid down in section 209 on the current income (which shall be estimated by the assessee) exceeds the amount of advance tax demanded from him under section 210 by more than 33 per cent. of the latter amount, he shall, at any time before the date on which the last instalment of advance tax is due from him, send to the Income-tax Officer an estimate of—

(i) the current income, and

(ii) the advance tax payable by him on the current income calculated in the manner laid down in section 209, and shall pay such amount of advance tax as accords with his estimate on such of the dates applicable in his case under section 211 as have not expired, by instalments which may be revised according to sub-section (2)."

17. In section 213 of the Income-tax Act, the word "quarterly" shall be omitted.

Amend-
ment of
section
213.

18. In section 215 of the Income-tax Act,—

(a) for sub-section (1), the following sub-section shall be substituted with effect from the 1st day of April, 1970, namely:—

Amend-
ment of
section
215.

"(1) Where, in any financial year, an assessee has paid advance tax under section 212 on the basis of his own estimate, and the advance tax so paid is less than seventy-five per cent. of the assessed tax, simple interest at the rate of nine per cent. per annum from the 1st day of April next following the said financial year up to the date of the regular assessment shall be payable by the assessee upon the amount by which the advance tax so paid falls short of the assessed tax."

(b) in sub-section (2), in clause (ii), for the words "the said seventy-five per cent.", the words "the assessed tax" shall be substituted with effect from the 1st day of April, 1970;

(c) after sub-section (4), the following sub-section shall be inserted with effect from the 1st day of April, 1970, namely:—

'(5) In this section and sections 217 and 273, "assessed tax" means the tax determined on the basis of the regular assessment

(reduced by the amount of tax deductible in accordance with the provisions of sections 192 and 194, section 194A and section 195) so far as such tax relates to income subject to advance tax and so far as it is not due to variations in the rates of tax made by the Finance Act enacted for the year for which the regular 5 assessment is made.

Amend-
ment of
section
216.

19. In section 216 of the Income-tax Act, for clause (a), the following clause shall be substituted with effect from the 1st day of April, 1970, namely:—

“(a) under sub-section (1) or sub-section (2) or sub-section (3) 10 or sub-section (3A) of section 212 under-estimated the advance tax payable by him and thereby reduced the amount payable in either of the first two instalments; or”.

Amend-
ment of
section
217.

20. In section 217 of the Income-tax Act, for sub-section (1), the following sub-sections shall be substituted with effect from the 1st day of 15 April, 1970, namely:—

“(1) Where, on making the regular assessment, the Income-tax Officer finds that any such person as is referred to in sub-section (3) of section 212 has not sent the estimate referred to therein, simple interest at the rate of nine per cent. per annum from the 1st day of 20 April next following the financial year in which the advance tax was payable in accordance with the said sub-section up to the date of the regular assessment shall be payable by the assessee upon the amount equal to the assessed tax as defined in sub-section (5) of section 215. 25

(1A) Where, on making the regular assessment, the Income-tax Officer finds that any such person as is referred to in sub-section (3A) of section 212 has not sent the estimate referred to therein, simple interest at the rate of nine per cent. per annum from the 1st day of April next following the financial year in which the advance tax 30 was payable in accordance with the said sub-section up to the date of the regular assessment shall be payable by the assessee upon the amount by which the advance tax paid by him falls short of the assessed tax as defined in sub-section (5) of section 215.” .

Amend-
ment of
section
218.

21. In section 218 of the Income-tax Act, in sub-section (2), after the 35 word, brackets and figure “sub-section (3)”, the words, brackets, figure and letter “or sub-section (3A)” shall be inserted.

Substitu-
tion of
new sec-
tion for
section
273.

22. For section 273 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 1970, namely:—

False
estimate
of, or
failure
to pay,
advance
tax.

“273. If the Income-tax Officer, in the course of any proceedings 40 in connection with the regular assessment for the assessment year commencing on the 1st day of April, 1970 or any subsequent assessment year, is satisfied that any assessee—

(a) has furnished under section 212 an estimate of the advance tax payable by him which he knew or had reason to 45 believe to be untrue, or

(b) has without reasonable cause failed to furnish an estimate of the advance tax payable by him in accordance with the provisions of sub-section (3) of section 212, or

5 (c) has without reasonable cause failed to furnish an estimate of the advance tax payable by him in accordance with the provisions of sub-section (3A) of section 212,

he may direct that such person shall, in addition to the amount of tax, if any, payable by him, pay by way of penalty a sum—

10 (i) which, in the case referred to in clause (a), shall not be less than ten per cent. but shall not exceed one and a half times the amount by which the tax actually paid during the financial year immediately preceding the assessment year under the provisions of Chapter XVII-C falls short of—

15 (1) seventy-five per cent. of the assessed tax as defined in sub-section (5) of section 215, or

(2) where a notice under section 210 was issued to the assessee, the amount payable thereunder,

whichever is less;

20 (ii) which, in the case referred to in clause (b), shall not be less than ten per cent. but shall not exceed one and a half times of seventy-five per cent. of the assessed tax as defined in sub-section (5) of section 215; and

25 (iii) which, in the case referred to in clause (c), shall not be less than ten per cent. but shall not exceed one and a half times the amount by which the tax payable under the notice issued to the assessee under section 210 falls short of seventy-five per cent. of the assessed tax as defined in sub-section (5) of section 215.”.

23. In the Fifth Schedule to the Income-tax Act, after item (31), the following items shall be inserted with effect from the 1st day of April, 1970, namely:—

Amendment of the Fifth Schedule.

“(32) Textiles (including those dyed, printed or otherwise processed) made wholly or mainly of cotton, including cotton yarn, hosiery and rope.

35 (33) Textiles (including those dyed, printed or otherwise processed) made wholly or mainly of jute, including jute twine and jute rope.”.

CHAPTER IV

OTHER DIRECT TAXES

40 24. In the Wealth-tax Act, 1957,—

Amendment of Act 27 of 1957.

(a) in section 2, for clause (e), the following clause shall be substituted, namely:—

“(e) “assets” includes property of every description movable or immovable, but does not include,—

45 (1) in relation to the assessment year commencing on the 1st day of April, 1969 or any earlier assessment year—

(i) agricultural land and growing crops, grass or standing trees on such land;

(ii) any building owned or occupied by a cultivator of, or receiver of rent or revenue out of, agricultural land:

Provided that the building is on or in the immediate vicinity of the land and is a building which the cultivator or the receiver of rent or revenue by reason of his connection with the land requires as a dwelling-house or a store-house or an outhouse;

(iii) animals;

(iv) a right to any annuity in any case where the terms and conditions relating thereto preclude the commutation of any portion thereof into a lump sum grant;

(v) any interest in property where the interest is available to an assessee for a period not exceeding six years from the date the interest vests in the assessee;

(2) in relation to the assessment year commencing on the 1st day of April, 1970 or any subsequent assessment year—

(i) animals;

(ii) a right to any annuity in any case where the terms and conditions relating thereto preclude the commutation of any portion thereof into a lump sum grant;

(iii) any interest in property where the interest is available to an assessee for a period not exceeding six years from the date the interest vests in the assessee;

(b) in section 5, in sub-section (1),—

(i) after clause (viii), the following clause shall be inserted with effect from the 1st day of April, 1970, namely:—

“(viiiia) growing crops (including fruits on trees) on agricultural land and grass on such land;”;

(ii) for clause (ix) and the *Explanation* thereto, the following clause and *Explanation* shall be substituted with effect from the 1st day of April, 1970, namely:—

“(ix) the tools, implements and equipment used by the assessee for the cultivation, conservation, improvement or maintenance of agricultural land or for the raising or harvesting of any agricultural or horticultural produce on such land.

Explanation.—For the purposes of this clause, tools, implements and equipment do not include any plant or machinery used in any tea or other plantation in connection with the processing of any agricultural produce or in the manufacture of any article from such produce;”;

(c) in section 18, in sub-section (1), for clauses (i) and (ii), the following clauses and *Explanation* shall be substituted, namely:—

5 '(i) in the cases referred to in clause (a), in addition to the amount of wealth-tax, if any, payable by him, a sum, for every month during which the default continued, equal to one-half per cent. of the net wealth assessed under section 16 or, as the case may be, of the net wealth assessed under section 17 as reduced by the net wealth, if any, assessed previously under section 16 or section 17, but not exceeding, in the aggregate, an
10 amount equal to the net wealth assessed under section 16 or, as the case may be, the net wealth assessed under section 17 as reduced as aforesaid;

15 '(ii) in the cases referred to in clause (b), in addition to the amount of wealth-tax payable by him, a sum which shall not be less than one per cent. of the assessed net wealth but which shall not exceed the amount of the assessed net wealth.

20 *Explanation.*—For the purposes of clause (ii), "assessed net wealth" shall be taken to be the net wealth assessed under section 16 as reduced by the net wealth declared in the return, if any, furnished by such person, or, as the case may be, the net wealth assessed under section 17 as reduced by—

 (i) the net wealth, if any, assessed previously under section 16 or section 17, or

25 (ii) the net wealth declared in the return, if any, furnished by such person under section 17,
 whichever is greater;

25. In the Companies (Profits) Surtax Act, 1964, in the Third Schedule, the proviso shall be omitted.

Amend-
ment of
Act 7
of 1964.

CHAPTER V

INDIRECT TAXES

30 26. In the Indian Tariff Act, 1934 (hereinafter referred to as the Tariff Act),—

Amend-
ment of
Act 32
of 1934.

 (a) in section 2A,—

35 (i) in the *Explanation* below sub-section (1), for the words, brackets, figure and letter "In this sub-section and sub-section (1A)", the words "In this section" shall be substituted;

 (ii) for sub-section (2), the following sub-section shall be substituted, namely:—

40 "(2) If the Central Government is satisfied that it is necessary in the public interest to levy on any imported article [whether on such article duty is leviable under sub-section (1) or not], such additional duty as would counter-balance the excise duty leviable on any raw materials, components and ingredients of the same nature as, or similar to,

those used in the production or manufacture of such article, it may, by notification in the Official Gazette, direct that such imported article shall, in addition, be liable to an additional duty representing such portion of the excise duty leviable on such raw materials, components and ingredients as, in either case, may be determined by rules made by the Central Government in this behalf.”;

(b) the First Schedule shall be amended in the manner specified in Parts I and II of the Second Schedule.

Special
duties
of cus-
toms.

27. (1) In the case of goods chargeable with a duty of customs which is specified in the First Schedule to the Tariff Act, or in that Schedule as amended by a subsequent Central Act, if any, or in that Schedule read with any notification of the Central Government for the time being in force, there shall be levied and collected as an addition to, and in the same manner as, the total amount so chargeable, a special duty of customs equal to 10 per cent. of such amount;

Provided that in computing the total amount so chargeable, any duty chargeable under section 2A of the Tariff Act or section 28 of this Act shall not be included.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1970, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

Regula-
tory
duties of
customs.

28. (1) With a view to regulating or bringing greater economy in imports, there shall be levied and collected, with effect from such date, and at such rate, as may be specified in this behalf by the Central Government by notification in the Official Gazette, on all or any of the goods mentioned in the First Schedule to the Tariff Act or in that Schedule as amended by a subsequent Central Act, if any, a regulatory duty of customs not exceeding—

(a) 25 per cent. of the rate, if any, specified in the said First Schedule read with any notification issued under section 3A, or sub-section (1) of section 4, of the Tariff Act; or

(b) 10 per cent. of the value of the goods as determined in accordance with the provisions of section 14 of the Customs Act, 1962,

whichever is higher:

Provided that different dates and different rates may be specified by the Central Government for different kinds of goods.

(2) Sub-section (1) shall cease to have effect after the 15th day of May, 1970, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

52 of 1962.

(3) The regulatory duty of customs leviable under this section in respect of any goods referred to in sub-section (1) shall be in addition to any other duty of customs chargeable on such goods under the Customs Act, 1962.

52 of 1962.

5 (4) The provisions of the Customs Act, 1962, and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the regulatory duty of customs leviable under this section in respect of any goods as they apply in relation to the levy and
10 collection of the duties of customs on such goods under that Act or those rules and regulations.

(5) Every notification issued under sub-section (1) shall, as soon as may be after it is issued, be placed before each House of Parliament.

15 29. In the Indian Tariff (Amendment) Act, 1949, in sections 4 and 5, for the figures "1969", the figures "1970" shall be substituted. Amend-
ment of
Act 1 of
1949

30. In the Central Excises and Salt Act, 1944 (hereinafter referred to as the Central Excises Act), in the First Schedule,— Amend-
ment of
Act 1 of
1944.

20 (i) in Item No. 1, for the entries in the third column against sub-items (1) and (2), the entries "Nineteen per cent. *ad valorem*." and "Ten per cent. *ad valorem*." shall, respectively, be substituted!

(ii) in Item No. 1A, in the entry in the second column against sub-item (2), after the word "Chocolates", the words "in bulk or" shall be inserted;

25 (iii) after Item No. 1A, the following Item shall be inserted, namely:—

"1B. PREPARED OR PRESERVED FOODS PUT UP IN UNIT CONTAINERS AND ORDINARILY INTENDED FOR SALE, INCLUDING PREPARATIONS OF VEGETABLES, FRUIT, MILK, CEREALS, FLOUR, STARCH
30 BIRDS, EGGS, MEAT, MEAT OFFALS, ANIMAL BLOOD, FISH, CRUSTACEANS OR MOLLUSCS, NOT ELSEWHERE SPECIFIED. Ten per cent. *ad valorem*";

35 (iv) in Item No. 4, under "II. *Manufactured tobacco*—", for the entry in the third column against sub-item (2), the entry "One hundred and twenty-five per cent. *ad valorem*." shall be substituted;

40 (v) in Item No. 6, for the entry in the third column, the entry "Six hundred and twenty rupees per kilolitre at fifteen degrees of Centigrade thermometer." shall be substituted;

(vi) in Item No. 13, for the entry in the third column, the entry "Ten per cent. *ad valorem*." shall be substituted;

(vii) in Item No. 14A, for the entry in the third column, the entry "Five per cent. *ad valorem*." shall be substituted;

(viii) for Item No. 14B, the following Item shall be substituted, namely:—

"14B CAUSTIC SODA, WHETHER IN A SOLID FORM OR IN LYE. Five per cent. *ad valorem*."

(ix) in Item No. 14BB, for the entry in the third column, the entry "Twenty-five per cent. *ad valorem*," shall be substituted;

(x) after Item No. 14H, the following Item shall be inserted, namely:—

"14HH FERTILISERS, ALL SORTS, BUT EXCLUDING NATURAL ANIMAL OR VEGETABLE FERTILISERS WHEN NOT CHEMICALLY TREATED. Ten per cent. *ad valorem*."

(xi) in Item No. 15,—

(i) for the entries in the third column against sub-items I(1) and I(2), the entries "Six and a half per cent. *ad valorem*." and "Nine and a half per cent. *ad valorem*." shall, respectively, be substituted;

(ii) for sub-item II, the following sub-item shall be substituted, namely:—

"II Soap, in or in relation to the manufacture of which no process has been carried on with the aid of power or of steam for heating. Six and a half per cent. *ad valorem*."

(xii) for Item No. 19, the following Item shall be substituted, namely:—

'19 COTTON FABRICS—

25

"Cotton fabrics" means all varieties of fabrics manufactured either wholly or partly from cotton and includes dhoties, sarees, chadders, bed-sheets, bed-spreads, counterpanes, table-cloths, embroidery in the piece, in strips or in motifs and fabrics impregnated or coated with preparations of cellulose derivatives or of other artificial plastic materials but does not include any such fabric if it contains—

(i) 40 per cent. or more by weight of wool;

(ii) 40 per cent. or more by weight of silk; or

(iii) 60 per cent. or more by weight of rayon or artificial silk;

Provided that in the case of embroidery in the piece, in strips or in motifs and fabrics impregnated or coated with preparations of cellulose derivatives or of other artificial plastic materials, the percentages referred to in (i) to (iii) above shall be in relation to the base fabrics which are embroidered or impregnated or coated, as the case may be—

I. Cotton fabrics other than (i) embroidery in the piece, in strips or in motifs, and (ii) fabrics impregnated

or coated with preparations of cellulose derivatives or of other artificial plastic materials,—

5 (1) Coating, suiting, tussors, corduroy, gaberdine, bed-ford, satin, denim, lappet, lace, knitted fabric, tapestry, furnishing fabric including jacquard curtain cloth, gadlapet, mattress fabric, terry towel including 10 turkish towel, terry towelling cloth including turkish towelling cloth, blanket, canvas, duck, filter cloth, tracing cloth and bukram cloth.

Twelve and a half per cent. *ad valorem*.

(2) Others—

15 (a) Cotton fabrics, super fine— that is to say, fabrics in which the average count of yarn is 48s or more. Eighty paise per square metre.

20 (b) Cotton fabrics, fine— that is to say, fabrics in which the average count of yarn is 35s or more but is less than 48s. Eighty paise per square metre.

25 (c) Cotton fabrics, medium-A— that is to say, fabrics in which the average count of yarn is 26s or more but is less than 35s. Sixty paise per square metre.

30 (d) Cotton fabrics, medium-B— that is to say, fabrics in which the average count of yarn is 17s or more but is less than 26s. Sixty paise per square metre.

(e) Cotton fabrics, coarse— that is to say, fabrics in which the average count of yarn is less than 17s. Sixty paise per square metre.

35 (f) Cotton fabrics, not otherwise specified. Eighty paise per square metre.

40 II. Embroidery, in the piece, in strips or in motifs, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power. The duty for the time being leviable on the base fabrics, if not already paid, *plus* twenty per cent. *ad valorem*.

45 III. Cotton fabrics impregnated or coated with preparations of cellulose derivatives or of other artificial plastic materials. The duty for the time being leviable on the base fabrics, if not already paid, *plus* twenty-five per cent. *ad valorem*.

50 Explanation I.—“Base fabrics” means fabrics falling under sub-item I of this Item which are subjected to the process of embroidery or which are impregnated or

coated with preparations of cellulose derivatives or of other plastic materials.

Explanation II.—"Count" means count of grey yarn.

Explanation III.—For the purpose of determining the average count of yarn, the following rules shall apply, namely:—

(a) yarn used in the borders or selvages shall be ignored;

(b) for multiple-fold yarn, the count of the basic single yarn shall be taken and the number of ends per 25.4 millimetres in the reed or the number of picks per 25.4 millimetres, as the case may be, shall be multiplied by the number of plies in the yarn;

(c) in the case of fabrics manufactured from cotton and other yarns, the other yarns, shall, for the aforesaid purpose, be deemed to be cotton yarn;

(d) the average count shall be obtained by applying the following formula, namely:—

$$\frac{(\text{Count of warp} \times \text{number of ends per 25.4 millimetres in the reed}) + (\text{Count for weft} \times \text{number of picks per 25.4 millimetres})}{(\text{Number of ends per 25.4 millimetres in the reed}) + (\text{Number of picks per 25.4 millimetres})},$$

the result being rounded off, wherever necessary, by treating any fraction which is one-half or more as one, and disregarding any fraction which is less than one-half;

(xiii) for Item No. 20, the following Item shall be substituted, namely:—

'20 SILK FABRICS—

"Silk fabrics" means all varieties of fabrics manufactured either wholly or partly from silk and includes embroidery in the piece, in strips or in motifs but does not include any such fabric—

(i) if it contains 40 per cent. or more by weight of wool;

(ii) if it contains cotton or artificial silk or both and less than 40 per cent. by weight of silk;

(iii) if it contains no cotton and no artificial silk and less than 40 per cent. by weight of silk; or

(iv) if manufactured on a handloom;

Provided that in the case of embroidery in the piece, in strips or in motifs, the percentages referred to in (i) to (iv) above shall be in relation to the base fabrics which are embroidered—

(1) Silk fabrics, other than embroidery in the piece, in strips or in motifs. Thirty-six paise per square metre.

(2) Embroidery, in the piece, in strips or in motifs, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power. The duty for the time being leviable on the base fabrics if not already paid, plus twenty per cent. *ad valorem*.

Explanation.—"Base fabrics" means fabrics falling under sub-item (1) of this Item which are subjected to the process of embroidery.;

(xiv) for Item No. 21, the following Item shall be substituted, namely:—

'21 WOOLLEN FABRICS—

"Woollen fabrics" means all varieties of fabrics manufactured wholly of wool or which contain 40 per cent. or more by weight of wool and includes blankets, lohis, rugs, shawls and embroidery in the piece, in strips or in motifs:

Provided that in the case of embroidery in the piece, in strips or in motifs, the percentage referred to above shall be in relation to the base fabrics which are embroidered—

(1) Woollen fabrics, other than Six and a quarter embroidery in the piece, in strips per cent. *ad valorem*. or in motifs.

(2) Embroidery, in the piece, in strips or in motifs, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power. The duty for the time being leviable on the base fabrics, if not already paid, plus twenty per cent. *ad valorem*.

Explanation.—"Base fabrics" means fabrics falling under sub-item (1) of this Item which are subjected to the process of embroidery.;

(xv) for Item No. 22, the following Item shall be substituted, namely:—

'22 RAYON OR ARTIFICIAL SILK FABRICS—

"Rayon or artificial silk fabrics" means all varieties of fabrics manufactured either wholly or partly from rayon or artificial silk and includes embroidery in the piece, in strips or in motifs and fabrics impregnated or coated with preparations of cellulose derivatives or of other artificial plastic materials, but does not include any such fabric—

(i) if it contains 40 per cent. or more by weight of wool;

(ii) if it contains 40 per cent. or more by weight of silk;

(iii) if it contains cotton and less than 60 per cent. by weight of rayon or artificial silk; or

(iv) if it contains no cotton and less than 40 per cent. by weight of wool and less than 40 per cent. by weight of rayon or artificial silk;

Provided that in the case of embroidery in the piece, in strips or in motifs and fabrics impregnated or coated with preparations of cellulose derivatives or of other artificial plastic materials, the percentages referred to in (i) to (iv) above shall be in relation to the base fabrics which are embroidered or impregnated or coated, as the case may be— 5

(1) Rayon or artificial silk fabrics, other than (i) embroidery in the piece, in strips or in motifs, and (ii) fabrics impregnated or coated with preparations of cellulose derivatives or of other artificial plastic materials. Seven paise per square metre. 10

(2) Embroidery, in the piece, in strips or in motifs, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power. The duty for the time being leviable on the base fabrics, if not already paid, plus twenty per cent. *ad valorem*. 15

(3) Fabrics impregnated or coated with preparations of cellulose derivatives or of other artificial plastic materials. The duty for the time being leviable on the base fabrics, if not already paid, plus twenty-five per cent. *ad valorem*. 20 25

Explanation.—"Base fabrics" means fabrics falling under sub-item (1) of this Item which are subjected to the process of embroidery or which are impregnated or coated with preparations of cellulose derivatives or of other plastic materials.;

(xvi) in Item No. 22A, for the entries in the third column against sub-items (i) and (ii), the entries "Five hundred and fifty rupees per metric tonne." and "Three hundred and fifty rupees per metric tonne." shall, respectively, be substituted; 30

(xvii) for Item No. 22B, the following Item shall be substituted, namely:— 35

"22B TEXTILE FABRICS IMPREGNATED OR COATED WITH PREPARATIONS OF CELLULOSE DERIVATIVES OR OF OTHER ARTIFICIAL PLASTIC MATERIALS NOT ELSEWHERE SPECIFIED. Twenty-five per cent. *ad valorem*."; 40

(xviii) Item No. 22C shall be omitted;

(xix) in Item No. 23, for the entry in the third column, the entry "Twenty-one per cent. *ad valorem*." shall be substituted;

(xx) in Item No. 26A, after sub-item (1), the following sub-item shall be inserted, namely:— 45

"(1a) Wire bars, wire rods and castings, not otherwise specified. One thousand and five hundred rupees per metric tonne.";

(xxi) in Item 40. 27, after sub-item (a), the following sub-item shall be inserted, namely:—

5 “(aa) Wire bars, wire rods and castings Nine hundred and
not otherwise specified. fifty rupees per
metric tonne.”;

(xxii) after Item No. 30, the following Item shall be inserted, namely:—

10	<p>“30A POWER DRIVEN PUMPS (INCLUDING MOTOR PUMPS, TURBO PUMPS AND MONOBLOC PUMP SETS) FOR LIQUIDS, WHETHER OR NOT FITTED WITH MEASURING DEVICES.</p>	<p>Twenty per cent. <i>ad valorem.</i>”;</p>
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(xxiii) in Item No. 32,—

(i) for sub-item (1), the following sub-item shall be substituted, namely:—

“(1) Vacuum and gas-filled bulbs. Eleven per cent. *ad valorem*.”;

(ii) for the entries in the third column against sub-items (2), (3) and (4), the entries "Twenty-two per cent. *ad valorem*," "Six per cent. *ad valorem*," and "Sixteen per cent *ad valorem*," shall, respectively, be substituted;

(xxiv) for Item No. 33, the following Item shall be substituted, namely:—

2.5 "33 ELECTRIC FANS, including air circulators but excluding those which are designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose—

(I) Table, cabin, carriage, pedestal and air circulator fans, not exceeding 30.6 centimetres. Six per cent. *ad valorem.*

(2) All other fans **Eight and a half per cent. ad valorem.**;

35 (xxv) after Item No. 33B, the following Item shall be inserted,
namely:—

33C DOMESTIC ELECTRICAL APPLIANCES, NOT ELSEWHERE SPECIFIED. Ten per cent ad valorem.

40 *Explanation I.*—"Domestic electrical appliances" means electrical appliances normally used in the household and similar appliances used in hotels, restaurants, hostels, offices, educational institutions, hospitals, train kitchens, aircraft or ships' pantries, canteens, tailoring establishments, laundry shops and hair dressing saloons.

45 *Explanation II*.—Interchangeable parts or auxiliary devices accompanying an appliance to make it suitable for various purposes shall be assessed to duty along with the appliance.;

(xxvi) for Item No. 37, the following Item shall be substituted, namely:—

"37 CINEMATOGRAPH FILMS—

I. Unexposed

Two paise per metre

II. Exposed

5

	Of a width of 30 mm. or higher	Below 30 mm. in width.
(1) News-reels and shorts not exceeding 500 metres.	Fifty paise per metre.	Thirty paise per metre.
(2) Feature films, adver- tisment shorts, and films not otherwise specified.	One rupee and fifty paise per metre.	One rupee per 10 metre.";

(xxvii) for Item No. 37A, the following Item shall be substituted, namely:—

"37A GRAMOPHONES, INCLUDING RECORD PLAYERS, RECORD PLAYING DECKS AND RECORD CHANGER DECKS, WHETHER MECHANICALLY OR ELECTRICALLY DRIVEN, WITH OR WITHOUT AN IN-BUILT SYSTEM OF SOUND REPRODUCTION OR AMPLIFICATION (ACOUSTIC, ELECTRONIC OR TRANSISTORISED), AND PARTS AND ACCESSORIES THEREOF NOT ELSEWHERE SPECIFIED, AND GRAMOPHONE RECORDS, ALL SORTS—

(i) Gramophones, record players, record playing decks or record changer decks. **Twenty per cent. ad valorem.**

(ii) Parts and accessories of gramophones, record players, record playing decks or record changer decks. **Thirty per cent. ad valorem.**

(iii) Gramophone records, all sorts, other than matrices. **Fifteen per cent. ad valorem.**

(iv) Matrices for records, impressed. **Thirty per cent. ad valorem.**

(v) Gramophone needles or styli.

(a) wholly made of steel. **Twenty per cent. ad valorem.**

(b) others. **Twenty-five per cent. ad valorem."**

(xxviii) after Item No. 41, the following Items shall be inserted, namely:—

"42 PILFER PROOF CAPS FOR PACKAGING ALL SORTS, WITH OR WITHOUT WASHERS OR OTHER FITTINGS OF CORK, RUBBER, POLYETHYLENE OR ANY OTHER MATERIAL. One paise each. 40

43 WOOL TOPS. Five rupees per kilogram." 45

31. (1) When goods of the description mentioned in this section chargeable with a duty of excise under the Central Excises Act (as amended by this Act or any subsequent Central Act) read with any notification for the time being in force issued by the Central Government in relation to the duty so chargeable, are assessed to duty, there shall be levied and collected—

Special duties of excise on certain goods.

(a) as respects goods comprised in Items Nos. 6, 8, 9, 14D, 22A, 23A except sub-item (1) thereof, 23B, 28, 29, sub-items (2) and (3) of Item No. 31 and Item No. 32 of the First Schedule to the Central Excises Act, a special duty of excise equal to 10 per cent. of the total amount so chargeable on such goods;

(b) as respects goods comprised in Items Nos. 2, 3(1), sub-items I, II(2) and II(3) of Item No. 4, Items Nos. 13, 14, 14F, 15, 15A, 15B, 16, 16A, 17, 18A(2), 21, 22, 23, 23A(1), 27, 30, 31(1), 33, sub-items (1), (3a) and (4) of Item No. 34 and sub-items II(1) and II(2) of Item No. 37 of that Schedule, a special duty of excise equal to 20 per cent. of the total amount so chargeable on such goods; and

(c) as respects goods comprised in sub-item II(1) of Item No. 4 and Items Nos. 18, 18A(1), 18B, 20, 29A, 33A and sub-items (2) and (3) of Item No. 34 of that Schedule, a special duty of excise equal to 33½ per cent. of the total amount so chargeable on such goods.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1970, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The duties of excise referred to in sub-section (1) in respect of the goods specified therein shall be in addition to the duties of excise chargeable on such goods under the Central Excises Act or any other law for the time being in force and such special duties shall be levied for purposes of the Union and the proceeds thereof shall not be distributed among the States.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of duties of excise on such goods under that Act or those rules.

32. (1) With a view to regulating or bringing greater economy in consumption, there shall be levied and collected, with effect from such date, and at such rate as may be specified in this behalf by the Central Government by notification in the Official Gazette, on all or any of the goods mentioned in the First Schedule to the Central Excises Act as amended by this Act or any subsequent Central Act, a regulatory duty of excise which shall not exceed 15 per cent. of the value of the goods as determined in accordance with the provisions of section 4 of the Central Excises Act:

Regulatory duties of excise.

Provided that different dates and different rates may be specified by the Central Government for different kinds of goods.

(2) Sub-section (1) shall cease to have effect after the 15th day of May, 1970, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act. 5 10 of 1897.

(3) The duties of excise referred to in sub-section (1) in respect of the goods specified therein shall be in addition to the duties of excise chargeable on such goods under the Central Excises Act or any other law for the time being in force and such regulatory duties shall be levied for purposes of the Union and the proceeds thereof shall not be distributed among the States. 10

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties shall, as far as may be, apply in relation to the levy and collection of regulatory duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules. 15

(5) Every notification issued under sub-section (1) shall, as soon as may be after it is issued, be placed before each House of Parliament. 20

Amenda-
tion of
Act 58
of 1957.

33. In the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957,—

(i) in Item No. 1, for the entry in the third column, the entry "Four per cent. *ad valorem*." shall be substituted; 25

(ii) for Item No. 19, the following Item shall be substituted, namely:—

"19 COTTON FABRICS—

I. Cotton fabrics other than (i) embroidery, in the piece, in strips or in motifs, and (ii) fabrics impregnated or coated with preparations of cellulose derivatives or of other artificial plastic materials,— 30

(1) Coating, suiting, tussors, corduroy, gaberdine, bed-ford, satin, denim, lappet, lace, knitted fabric, tapestry, furnishing fabric including jacquard curtain cloth, gadlapet, mattress fabric, terry towel including turkish towel, terry towelling cloth including turkish towelling cloth, blanket, canvas, duck, filter cloth, tracing cloth, and bukram cloth. Two and a half per cent. *ad valorem*. 35 40

(2) Others—

	(a) Cotton fabrics, superfine	15·5 paise per square metre.
5	(b) Cotton fabrics, fine	9·6 paise per square metre.
	(c) Cotton fabrics, medium-A	4·8 paise per square metre.
	(d) Cotton fabrics, medium-B	4·8 paise per square metre.
10	(e) Cotton fabrics, coarse	3·6 paise per square metre.
	(f) Cotton fabrics not otherwise specified	15·5 paise per square metre.

15 II. Embroidery, in the piece, in strips or in motifs, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power. The duty for the time being leviable on the base fabrics, if not already paid.

20 III. Cotton fabrics impregnated or coated with preparations of cellulose derivatives or of other artificial plastic materials. The duty for the time being leviable on the base fabrics, if not already paid.”;

(iii) for Item No. 20, the following Item shall be substituted, namely:—

“20 SILK FABRICS—

25	(1) Silk fabrics, other than embroidery in the piece, in strips or in motifs.	Thirty paise per square metre.
30	(2) Embroidery, in the piece, in strips or in motifs, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power.	The duty for the time being leviable on the base fabrics, if not already paid.”;

(iv) for Item No. 21, the following Item shall be substituted, namely:—

“21 WOOLLEN FABRICS—

35	(1) Woollen fabrics, other than embroidery in the piece, in strips or in motifs.	Five per cent. <i>ad valorem</i> .
40	(2) Embroidery, in the piece, in strips or in motifs, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power.	The duty for the time being leviable on the base fabrics, if not already paid.”;

(v) for Item No. 22, the following Item shall be substituted, namely:—

“22 RAYON OR ARTIFICIAL SILK FABRICS—

(1) Rayon or artificial silk fabrics other than (i) embroidery, in the piece, in strips or in motifs, and (ii) fabrics impregnated or coated with preparations of cellulose derivatives or of other artificial plastic materials.	3·6 paise per square metre.	5
(2) Embroidery, in the piece, in strips or in motifs, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power.	The duty for the time being leviable on the base fabrics, if not already paid.	15
(3) Fabrics impregnated or coated with preparations of cellulose derivatives or of other artificial plastic materials.	The duty for the time being leviable on the base fabrics, if not already paid.”.	10

Discontinu- 34. For the year beginning on the 1st day of April, 1969, no duty under 20
ance of the Central Excise Act, or the Tariff Act shall be levied in respect of
salt duty. salt manufactured in, or imported into, India.

Declaration under the Provisional Collection of Taxes Act, 1931

It is hereby declared that it is expedient in the public interest that the provisions of clauses 26, 27, 29, 30, 31 and 33 of this Bill shall have 25
immediate effect under the Provisional Collection of Taxes Act, 1931.

16 of 1931

THE FIRST SCHEDULE

(See section 2)

PART I

INCOME-TAX AND SURCHARGES ON INCOME-TAX

30

Paragraph A

In the case of every individual or Hindu undivided family or unregis-
tered firm or other association of persons or body of individuals, whether
incorporated or not, or every artificial juridical person referred to in sub-
clause (vii) of clause (31) of section 2 of the Income-tax Act, not being 35
a case to which any other Paragraph of this Part applies,—

Rates of income-tax

- (1) where the total income does not exceed Rs. 5,000 5 per cent. of the total income;
- (2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000 Rs. 250 plus 10 per cent. of the amount by which the total income exceeds Rs. 5,000; 40
- (3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000 Rs. 750 plus 15 per cent. of the amount by which the total income exceeds Rs. 10,000 45

- (4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 Rs. 1,500 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 15,000;
- 5 (5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000 Rs. 2,500 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
- (6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000 Rs. 4,000 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 25,000;
- 10 (7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000 Rs. 6,000 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 30,000;
- (8) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000 Rs. 16,000 *plus* 60 per cent. of the amount by which the total income exceeds Rs. 50,000;
- 15 (9) where the total income exceeds Rs. 70,000 but does not exceed Rs. 1,00,000 Rs. 28,000 *plus* 65 per cent. of the amount by which the total income exceeds Rs. 70,000;
- (10) where the total income exceeds Rs. 1,00,000 but does not exceed Rs. 2,50,000 Rs. 47,500 *plus* 70 per cent. of the amount by which the total income exceeds Rs. 1,00,000;
- 20 (11) where the total income exceeds Rs. 2,50,000 Rs. 1,52,500 *plus* 75 per cent. of the amount by which the total income exceeds Rs. 2,50,000;

25 Provided that for the purposes of this Paragraph, in the case of a person, not being a non-resident—

(i) no income-tax shall be payable on a total income not exceeding the following limit, namely:—

30 (a) Rs. 7,000 in the case of every Hindu undivided family which at any time during the previous year satisfies either of the following two conditions, namely:—

(1) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or

35 (2) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family;

(b) Rs. 4,000 in every other case;

40 (ii) where such person is an individual whose total income does not exceed Rs. 10,000 and who has, during the previous year, incurred any expenditure for the maintenance of any one or more of his parents or grand-parents mainly dependent on him, the income-tax computed at the rate hereinbefore specified shall be reduced by so much of the amount specified hereunder, as does not exceed the

45 amount of income-tax so computed:—

(a) Rs. 145 in the case of an unmarried individual;

(b) Rs. 220 in the case of a married individual who has no child mainly

dependent on him;

(c) Rs. 240 in the case of a married individual who has one child mainly dependent on him;

(d) Rs. 260 in the case of a married individual who has more than one child mainly dependent on him. 5

so, however, that in the case of a married individual whose spouse has a total income exceeding Rs. 4,000, this clause shall have effect as if for the amounts of Rs. 220, Rs. 240 and Rs. 260, the 10 amounts of Rs. 145, Rs. 165 and Rs. 185 had, respectively, been substituted;

(iii) where such person is an individual not falling under clause (ii) or a Hindu undivided family, the income-tax computed at the rate hereinbefore specified shall be reduced by so much of the 15 amount specified hereunder, as does not exceed the amount of income-tax so computed:—

(a) Rs. 125 in the case of an unmarried individual;

(b) Rs. 200 in the case of a married individual who has no child mainly dependent on him or a Hindu undivided family which has no minor coparcener; 20

(c) Rs. 220 in the case of a married individual who has one child mainly dependent on him or a Hindu undivided family which has one minor coparcener mainly supported from the income of such 25 family; 30

(d) Rs. 240 in the case of a married individual who has more than one child mainly dependent on him or a Hindu undivided family which has more than one minor coparcener mainly supported from the income of such family, 35

so, however, that in the case of a married individual whose spouse has a total income exceeding Rs. 4,000, this clause shall have 40 effect as if for the amounts of Rs. 200, Rs. 200 and Rs. 340, the amounts of Rs. 125, Rs. 145 and Rs. 165 had, respectively, been substituted;

(iv) (A) where such person is an individual whose total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 and who has, during 45 the previous year, incurred any expenditure for the maintenance of any one or more of his parents or grand-parents mainly dependent on him, the income-tax payable by him in respect of such total income shall not exceed the aggregate of—

(1) the income-tax which would have been payable by the 50 individual if his total income had been Rs. 10,000, and

(2) 40 per cent. of the amount by which the total income of the individual exceeds Rs. 10,000.

(B) where such person is not an individual whose case falls under sub-clause (A) and the total income of such person does not exceed Rs. 20,000, the income-tax payable thereon shall not exceed 40 per cent. of the amount by which the total income exceeds the limit specified in sub-clause (a) or, as the case may be, sub-clause (b) of clause (i) of this proviso.

Explanation.—For the purposes of clause (ii) and sub-clause (A) of clause (iv) of this proviso, a parent or grand-parent of an individual shall not be treated as being mainly dependent on such individual if the income of the parent or, as the case may be, the grand-parent from all sources in respect of the previous year relevant to the assessment year exceeds one thousand rupees.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph B

In the case of every co-operative society,—

Rates of Income-tax

	(1) where the total income does not exceed Rs. 5,000	5 per cent. of the total income;
25	(2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000	Rs. 250 plus 10 per cent. of the amount by which the total income exceeds Rs. 5,000;
30	(3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000	Rs. 750 plus 15 per cent. of the amount by which the total income exceeds Rs. 10,000;
	(4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,500 plus 20 per cent. of the amount by which the total income exceeds Rs. 15,000;
35	(5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,500 plus 25 per cent. of the amount by which the total income exceeds Rs. 20,000;
	(6) where the total income exceeds Rs. 25,000	Rs. 3,750 plus 40 per cent. of the amount by which the total income exceeds Rs. 25,000;

40 Provided that—

(i) no income-tax shall be payable on a total income not exceeding Rs. 4,000; and

(ii) where the total income is Rs. 20,000 or less, the income-tax payable shall not exceed 40 per cent. of the amount by which the total income exceeds Rs. 4,000.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph C

5

In the case of every registered firm,—

Rates of Income-tax

- | | | |
|--|---|----|
| (1) where the total income Nil;] | | |
| does not exceed Rs. 25,000. | | |
| (2) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000 | 6 per cent. of the amount by which the total income exceeds Rs. 25,000; | 10 |
| (3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 | Rs. 1,500 plus 12 per cent. of the amount by which the total income exceeds Rs. 50,000; | 15 |
| (4) where the total income exceeds Rs. 1,00,000 | Rs. 7,500 plus 20 per cent. of the amount by which the total income exceeds Rs. 1,00,000. | |

Surcharges on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder:—

(a) in the case of a registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income, a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified;

(b) in the case of any other registered firm, a surcharge calculated at the rate of twenty per cent. of the amount of income-tax computed at the rate hereinbefore specified; and

(c) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely:—

(i) the amount of income-tax computed at the rate hereinbefore specified; and

(ii) the amount of the surcharge calculated in accordance with clause (a), or, as the case may be, clause (b), of this subparagraph.

Paragraph D

In the case of every local authority,—

Rate of income-tax

40

On the whole of the total income

50 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

5 *Paragraph E*

31 of 1956. In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,—

Rates of Income-tax

- 10 (i) on that part of its total income which consists of profits and gains from life insurance business 52·5 per cent.;
- 15 (ii) on the balance, if any, of the total income the rate of income-tax applicable, in accordance with Paragraph F of this Part, to the total income of a domestic company which is a company in which the public are substantially interested.

Paragraph F

31 of 1956. 20 In the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,—

Rates of Income-tax

I. In the case of a domestic company—

- 25 (i) where the company is a company in which the public are substantially interested,—
- (i) in a case where the total income does not exceed Rs. 50,000 45 per cent. of the total income;
- (ii) in a case where the total income exceeds Rs. 50,000 55 per cent. of the total income;
- 30 (2) where the company is not a company in which the public are substantially interested,—
- (i) in the case of an industrial company—
- 35 (a) on so much of the total income as does not exceed Rs. 10,00,000 55 per cent. ;
- (b) on the balance, if any, of the total income 60 per cent. ;
- 40 (ii) in any other case 65 per cent. of the total income :

Provided that the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 50,000, shall not exceed the aggregate of—

- 45 (a) the income-tax which would have been payable by the company if its total income had been Rs. 50,000 (the income of Rs. 50,000

for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) 80 per cent. of the amount by which its total income exceeds Rs. 50,000.

5

II. In the case of a company other than a domestic company—

(i) on so much of the total income as consists of—

(a) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, or

10

(b) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964,

15

and where such agreement has, in either case, been approved by the Central Government . . . 50 per cent. ;

20

(ii) on the balance, if any, of the total income . . . 70 per cent.

PART II

Rates for deduction of tax at source in certain cases

25

In every case in which under the provisions of sections 193, 194, 194A and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to deduction, at the following rates:—

	Income-tax		
	Rate of income-tax	Rate of Surcharge	
I. In the case of a person other than a company—			
(a) where the person is resident—			35
(i) on income by way of interest other than "Interest on securities"	10 per cent.†	Nil	
(ii) on any other income (excluding interest payable on tax free security)	20 per cent.†	2 per cent.	40

		Income-tax	
		Rate of Income-tax	Rate of Surcharge
5	(b) where the person is not resident in India—		
	(i) on the whole income (excluding interest payable on a tax free security)	Income-tax at 30 per cent. and surcharge at 3 per cent. of the amount of the income	
		<i>or</i>	
10		income-tax and surcharge on income-tax in respect of the income at the rates prescribed in Paragraph A of Part III of this Schedule, if such income had been the total income,	
15		whichever is higher;	
	(ii) on the income by way of interest payable on a tax free security.	15 per cent.	1.5 per cent.
20	2. In the case of a company—		
	(a) where the company is a domestic company—		
25	(i) on income by way of interest other than "Interest on securities".	20 per cent.	<i>Nil</i>
	(ii) on any other income (excluding interest payable on a tax free security)	22 per cent.	<i>Nil</i>
30	(b) where the company is not a domestic company—		
35	(i) on the income by way of dividends payable by an Indian company as is referred to in clause (a) (i) of sub-section (1) of section 80M of the Income-tax Act	14 per cent.	<i>Nil</i>
	(ii) on the income by way of dividends payable by any domestic company other than a company referred to in (i) hereinabove	24.5 per cent.	<i>Nil</i>
40	(iii) on the income by way of royalties payable by an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, and which has been approved by the Central Government.	50 per cent.	<i>Nil</i>

	Income-tax		
	Rate of Income-tax	Rate of Surcharge	
(iv) on the income by way of fees payable by an Indian concern for rendering technical services in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964, and which has been approved by the Central Government	50 per cent.	Nil	5 10
(v) on the income by way of interest payable on a tax free security	44 per cent.	Nil	
(vi) on any other income	70 per cent.	Nil	15

PART III

Rates for calculating or charging income-tax in certain cases, deducting income-tax from income chargeable under the head "Salaries" or any payment referred to in sub-section (9) of section 80E and computing "advance tax". 20

In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax, or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the following rate or rates:— 30

Paragraph A

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,— 35

Rates of Income-tax

(1) where the total income does not exceed Rs. 5,000 5 per cent. of the total income; 40

(2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000 Rs. 250 plus 10 per cent. of the amount by which the total income exceeds Rs. 5,000;

	(3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000	Rs. 750 <i>plus</i> 17 per cent. of the amount by which the total income exceeds Rs. 10,000;
5	(4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,600 <i>plus</i> 23 per cent. of the amount by which the total income exceeds Rs. 15,000;
	(5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,750 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
10	(6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 4,250 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 25,000;
15	(7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 6,250 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 30,000;
	(8) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000	Rs. 16,250 <i>plus</i> 60 per cent. of the amount by which the total income exceeds Rs. 50,000;
20	(9) where the total income exceeds Rs. 70,000 but does not exceed Rs. 1,00,000	Rs. 28,250 <i>plus</i> 65 per cent. of the amount by which the total income exceeds Rs. 70,000;
	(10) where the total income exceeds Rs. 1,00,000 but does not exceed Rs. 2,50,000	Rs. 47,750 <i>plus</i> 70 per cent. of the amount by which the total income exceeds Rs. 1,00,000;
25	(11) where the total income exceeds Rs. 2,50,000	Rs. 1,52,750 <i>plus</i> 75 per cent. of the amount by which the total income exceeds Rs. 2,50,000;

Provided that for the purposes of this Paragraph, in the case of a person, not being a non-resident—

30 (i) no income-tax shall be payable on a total income not exceeding the following limit, namely:—

(a) Rs. 7,000 in the case of every Hindu undivided family which at any time during the previous year relevant to the assessment year commencing on the 1st day of April, 1970, satisfies either of the following two conditions, namely:—

35 (1) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or

(2) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family;

40 (b) Rs. 4,000 in every other case;

45 (ii) where such person is an individual whose total income does not exceed Rs. 10,000 and who has, during the previous year relevant to the assessment year commencing on the 1st day of April, 1970, incurred any expenditure for the maintenance of any one or more of his parents or grand-parents mainly dependent on him, the income-tax computed at the rate hereinbefore specified shall be reduced by so

much of the amount specified hereunder, as does not exceed the amount of income-tax so computed:—

- (a) Rs. 145] in the case of an unmarried individual;
- (b) Rs. 220 in the case of a married individual 5
who has no child mainly dependent on him;
- (c) Rs. 240 in the case of a married individual
who has one child mainly dependent on him; 10
- (d) Rs. 260 in the case of a married individual
who has more than one child mainly dependent on him,

so, however, that in the case of a married individual whose spouse has a total income exceeding Rs. 4,000 in respect of the previous year 15 relevant to the assessment year commencing on the 1st day of April, 1970, this clause shall have effect as if for the amounts of Rs. 220, Rs. 240 and Rs. 260, the amounts of Rs. 145, Rs. 165 and Rs. 185 had, respectively, been substituted;

(iii) where such person is an individual not falling under clause 20 (ii) or a Hindu undivided family, the income-tax computed at the rate hereinbefore specified shall be reduced by so much of the amount specified hereunder, as does not exceed the amount of income-tax so computed:—

- (a) Rs. 125 in the case of an unmarried indi- 25
vidual;
- (b) Rs. 200 in the case of a married individual
who has no child mainly dependent on him or a Hindu undivided family which has no 30
minor coparcener;
- (c) Rs. 220 in the case of a married individual
who has one child mainly dependent on him or a Hindu undivided family which has 35
one minor coparcener mainly supported from the income of such family;
- (d) Rs. 240] in the case of a married individual
who has more than one child 40
mainly dependent on him or a Hindu undivided family which has more than one minor
coparcener mainly supported from the income of such 45
family,

so, however, that in the case of a married individual whose spouse has a total income exceeding Rs. 4,000 in respect of the previous year relevant to the assessment year commencing on the 1st day of April,

1970, this clause shall have effect as if for the amounts of Rs. 200, Rs. 220 and Rs. 240, the amounts of Rs. 125, Rs. 145 and Rs. 165 had, respectively, been substituted;

5 (iv) (A) where such person is an individual whose total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 and who has, during the previous year relevant to the assessment year commencing on the 1st day of April, 1970, incurred any expenditure for the maintenance of any one or more of his parents or grand-parents mainly dependent on him, the income-tax payable by him in respect of such total income shall not exceed the aggregate of—

(1) the income-tax which would have been payable by the individual if his total income had been Rs. 10,000, and

(2) 40 per cent. of the amount by which the total income of the individual exceeds Rs. 10,000;

15 (B) where such person is not an individual whose case falls under sub-clause (A) and the total income of such person does not exceed Rs. 20,000, the income-tax payable thereon shall not exceed 40 per cent. of the amount by which the total income exceeds the limit specified in sub-clause (a) or, as the case may be, sub-clause (b) of clause (i) of this proviso.

20 *Explanation.*—For the purposes of clause (ii) and sub-clause (A) of clause (iv) of this proviso, a parent or grand-parent of an individual shall not be treated as being mainly dependent on such individual if the income of the parent or, as the case may be, the grand-parent from all sources in respect of the previous year relevant to the assessment year commencing on the 1st day of April, 1970 exceeds one thousand rupees.

Surcharge on income-tax

30 The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph B

In the case of every co-operative society,—

35 *Rates of income-tax*

(1) where the total income does not exceed Rs. 10,000 15 per cent. of the total income;

40 (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 Rs. 1,500 plus 25 per cent. of the amount by which the total income exceeds Rs. 10,000;

(3) where the total income exceeds Rs. 20,000 Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

45 The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph C

In the case of every registered firm,—

Rates of Income-tax

- | | | |
|--|--|----|
| (1) where the total income does not exceed Rs. 10,000 | Nil; | 5 |
| (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000 | 4 per cent. of the amount by which the total income exceeds Rs. 10,000; | |
| (3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000 | Rs. 600 <i>plus</i> 6 per cent. of the amount by which the total income exceeds Rs. 25,000; | |
| (4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 | Rs. 2,100 <i>plus</i> 12 per cent. of the amount by which the total income exceeds Rs. 50,000; | |
| (5) where the total income exceeds Rs. 1,00,000 | Rs. 8,100 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 1,00,000. | 15 |

Surcharge on Income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the 20 Union calculated as specified hereunder:—

(a) in the case of a registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income, a surcharge calculated at the rate of ten per cent. of the amount of 25 income-tax computed at the rate hereinbefore specified;

(b) in the case of any other registered firm, a surcharge calculated at the rate of twenty per cent. of the amount of income-tax computed at the rate hereinbefore specified; and

(c) a special surcharge calculated at the rate of ten per cent. 30 on the aggregate of the following amounts, namely:—

(i) the amount of income-tax computed at the rate hereinbefore specified; and

(ii) the amount of the surcharge calculated in accordance with clause (a), or, as the case may be, clause (b), of this sub- 35 paragraph.

Paragraph D

In the case of every local authority,—

Rates of Income-tax

On the whole of the total income 50 per cent. 40

Surcharge on Income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph E

31 of 1956. In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,—

Rates of income-tax

5	(i) On that part of its total income which consists of profits and gains from life insurance business	52·5 per cent. ;
10	(ii) on the balance, if any, of the total income	the rate of income-tax applicable, in accordance with Paragraph F of this Part, to the total income of a domestic company which is a company in which the public are substantially interested.

Paragraph F

31 of 1956 15 In the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,—

Rates of income-tax

I. In the case of a domestic company—

20	(1) where the company is a company in which the public are substantially interested,—	
	(i) in a case where the total income does not exceed Rs. 50,000	45 per cent. of the total income.
25	(ii) in a case where the total income exceeds Rs. 50,000	55 per cent. of the total income;
	(2) where the company is not a company in which the public are substantially interested,—	
30	(i) in the case of an industrial company—	
	(a) on so much of the total income as does not exceed Rs. 10,00,000	55 per cent. ,
35	(b) on the balance, if any, of the total income	60 per cent ;
	(ii) in any other case	65 per cent. of the total income.

Provided that the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 50,000, shall not exceed the aggregate of—

(a) the income-tax which would have been payable by the company if its total income had been Rs. 50,000 (the income of Rs. 50,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) 80 per cent. of the amount by which its total income exceeds Rs. 50,000.

10

II. In the case of a company other than a domestic company—

(i) on so much of the total income as consists of—

(a) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, or

15

(b) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964,

20

and where such agreement has, in either case, been approved by the Central Government . . . 50 per cent.

25

(ii) on the balance, if any, of the total income . . . 70 per cent.

THE SECOND SCHEDULE

(See section 26) 30

PART I

In the First Schedule to the Tariff Act,—

(i) in Item No. 75(11) (v), in the entry in the second column, the words “roller bearings” shall be omitted;

(ii) in Item No. 87A, for the entries (ii), (iii) and (iv) in the second column, the following entry shall be substituted, namely:—

“(ii) alcoholic drinks.”

35

PART II

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of	Duration of protective rates of duty	
				The United Kingdom and British Colonies		
1	2	3	4	5	6	7

15 In the First Schedule to the Tariff Act,—

(i) for Item No. 8(2), the following Item shall be substituted, namely :—

20 “8(2) Fruits, dried (Salted and all other kinds) not otherwise specified. Preferential Revenue. 100 per cent *ad valorem*. .. 90 per cent *ad valorem*.”

(ii) for Item No. 72(35), the following Item shall be substituted, namely :—

25 “72(35) Ball bearings (including adapter ball bearings) not exceeding 60 millimetres bore diameter. Revenue 100 per cent *ad valorem*.”

(iii) for Item No. 72(36), the following Item shall be substituted, namely :—

30 “72(36) Ball bearings (including adapter ball bearings) exceeding 60 millimetres bore diameter. Revenue 40 per cent *ad valorem*.”

(iv) for Item No. 72(37), the following Item shall be substituted, namely :—

35 “72(37) Roller bearings (excluding adapter roller bearings) not exceeding 85 millimetres bore diameter. Revenue 100 per cent *ad valorem*.”

(v) for Item No. 72(38), the following Item shall be substituted, namely :—

40 “72(38) Roller bearings exceeding 85 millimetres bore diameter and adapter roller bearings of all sizes. Revenue 40 per cent *ad valorem*.”

(vi) after Item No. 87A, the following Items shall be inserted, namely :—

45 “87B All dutiable articles, even if elsewhere specified, intended for personal use, imported by post or air, and exempt from any prohibition in respect of the import thereof under the Imports and Exports (Control)

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Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom	A British Colony	
1	2	3	4	5	6	7
	Act, 1947 (18 of 1947), but excluding alcoholic drinks :					15
	(i) Drugs and medicines;	Revenue	50 per cent <i>ad valorem</i>.	..	..	..
	(ii) others	Revenue	100 per cent <i>ad valorem</i>.	..	..	..
						20
87C	The following articles of stores on board a vessel or aircraft on which duty is leviable under the Customs Act, 1962 (52 of 1962), even if elsewhere specified, namely: —					25
	(i) Prepared or preserved meat, fish and vegetables; dairy produce; soups; lard; fresh fruits;	Revenue	25 per cent <i>ad valorem</i>.	..	..	..
						30
	(ii) all other consumable stores, excluding fuel, lubricating oil, alcoholic drinks and tobacco products.	Revenue	100 per cent <i>ad valorem</i>.	..	..	..";
						35

STATEMENT OF OBJECTS AND REASONS

The object of this Bill is to give effect to the financial proposals of the Central Government for the financial year 1969-70 and to provide for certain connected matters. Opportunity has been taken to simplify and rationalise some of the provisions of the Income-tax Act. The Notes on clauses explain the various provisions contained in the Bill.

NEW DELHI;

MORARJI DESAI.

The 28th February, 1969.

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

[Copy of letter No. F. 4(1)-B/69, dated the 28th February, 1969 from Shri Morarji Desai, Deputy Prime Minister and Minister of Finance to the Secretary, Lok Sabha.]

The President having been informed of the subject matter of the proposed Bill, recommends under article 117(1) and (3) read with article 274(1) of the Constitution of India, the introduction of the Finance Bill, 1969 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 28th February, 1969.

Notes on clauses

Clause 2, read with the First Schedule to the Bill, seeks to prescribe the rates at which income-tax, including surcharges where applicable, is to be levied on incomes chargeable to tax for the assessment year 1969-70. Further, it lays down the rates at which tax is to be deducted at source during the financial year 1969-70 from incomes subject to such deduction under the Income-tax Act; and the rates at which "advance tax" is to be computed and tax is to be calculated or charged in special circumstances for the financial year 1969-70.

Rates of income-tax for the assessment year 1969-70.—The rates of income-tax (including surcharges) in the case of non-corporate tax payers on incomes liable to tax for the assessment year 1969-70 are the same as specified in Part III of the First Schedule to the Finance Act, 1968 for the purpose of deduction of tax at source from "Salaries" and for computation of "advance tax" payable during the financial year 1968-69. Similarly, in the case of corporate tax payers, the rates of income-tax on incomes liable to tax for the assessment year 1969-70 are the same as laid down in Part III of the First Schedule to the Finance Act, 1968 for purposes of computing advance tax payable by companies during the financial year 1968-69. These rates have been specified in Part I of the First Schedule to the Bill.

Part II of the First Schedule to the Bill specifies the rates at which income-tax (including surcharge where applicable) is to be deducted at source during the financial year 1969-70 from incomes other than "Salaries" and retirement annuities referred to in section 80E (9). These rates are the same as specified in Part II of the First Schedule to the Finance Act, 1968 for deduction of tax at source from incomes other than "Salaries" during the financial year 1968-69.

Part III of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source from "Salaries" and retirement annuities referred to in section 80E(9) of the Income-tax Act and also the rates at which "advance tax" is to be computed and income-tax is to be calculated or charged in special cases for the financial year 1969-70. These rates differ from the rates of tax applicable for the assessment year 1969-70, specified in Part I of the First Schedule, in the following matters:—

- (i) *Individuals, Hindu undivided families and other non-corporate tax payers (Paragraph A of Part III)*

The rate of basic income-tax on income in the slab Rs. 10,001—15,000 is sought to be increased by 2 per cent., from 15 per cent. to 17 per cent., and that on income in the slab Rs. 15,001—20,000, by 3 per cent., from 20 per cent. to 23 per cent. The rate schedule of income-tax on incomes in excess of Rs. 10,000 has been recast accordingly.

(ii) Co-operative societies (Paragraph B of Part III)

A new rate schedule of tax is sought to be prescribed for co-operative societies. Under this rate schedule, the rate of basic income-tax on income in the slab Rs. 1—10,000 will be 15 per cent.; on income in the slab Rs. 10,001—20,000, 25 per cent.; and on income over Rs. 20,000, 40 per cent. The basic income-tax will be increased by a surcharge for purposes of the Union calculated at 10 per cent. thereof. There will be no exemption from tax in respect of small incomes up to Rs. 4,000 or any other limit, in view of the position that under clause 10 of the Bill, it is sought to increase the amount up to which business incomes will be exempted from tax in the generality of cases of co-operative societies by Rs. 5,000, from Rs. 15,000 to Rs. 20,000, including also income from co-operative insurance business.

(iii) Registered firms (Paragraph C of Part III)

In the case of registered firms, the amount of the initial slab of income exempt from tax is proposed to be reduced from Rs. 25,000 to Rs. 10,000. On income in the slab Rs. 10,001—25,000, it is proposed to fix the rate of basic income-tax at 4 per cent. The percentage rates of basic income-tax on income in other slabs as well as the rates of the ordinary and special surcharges remain the same as under the rate schedule for charging tax on registered firms for the assessment year 1969-70.

In all other cases, the rates of tax specified in Part III of the First Schedule for the computation of "advance tax", etc., are the same as for the purpose of the levy of tax on incomes assessable for the assessment year 1969-70.

Clause 3 seeks to amend clause (18) of section 2 of the Income-tax Act, which defines "a company in which the public are substantially interested". Under the clause as sought to be amended, a public company whose shares (forming part of its equity capital) are listed in a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder, will be treated as "a company in which the public are substantially interested", without applying to it the various tests laid down in sub-clause (b) of the existing definition in clause (18) of section 2 of the Income-tax Act. These tests have been reproduced, with consequential amendments, in item (B) of sub-clause (b) as sought to be amended, as an alternative test of "a company in which the public are substantially interested".

The amendment is sought to be made effective from 1.4.1970, i.e., in relation to the assessment year 1970-71 and subsequent years.

Clause 4 seeks to amend clause (iv) of section 16 of the Income-tax Act with effect from 1.4.1970. Under the proposed amendment, the standard deduction allowable, in the computation of salary income, in respect of maintenance expenditure and wear and tear of a motor car owned by the tax-payer and used for his employment will, in a case where the gross salary income of the tax-payer does not exceed Rs. 15,000, be increased from the existing amount of Rs. 150 to Rs. 200 per month or part thereof. The amount of the standard deduction in relation to motor car in the cases of tax-payers in higher salary ranges will remain the same as at present.

Clause 5 seeks to insert a new sub-section (4) in section 40A of the Income-tax Act. The new sub-section seeks to prohibit any plea from being raised in any suit or other proceeding that any payment made or tendered by an assessee by means of a crossed cheque on a bank or a crossed bank draft in accordance with the provisions of sub-section (3) of the said section 40A ought to have been made in cash or in any other manner.

Clause 6 seeks to amend section 80C of the Income-tax Act.

Sub-clause (a) seeks to amend sub-section (2) of section 80C. The effect of the proposed amendments will be that for and from the assessment year 1970-71, tax relief in respect of premiums paid on life insurance policies will be available also with reference to the premiums paid by an individual (out of his income chargeable to tax) on a policy of insurance (including a contract for a deferred annuity) on the life of his child, or by a Hindu undivided family (out of its income chargeable to tax) on a policy of insurance on the life of any female member of the family.

Sub-clause (b) seeks to amend sub-section (4) of section 80C with effect from 1.4.1969, i.e., for and from the assessment year 1969-70. The effect of this amendment will be to make an author, playwright, artist, musician or actor eligible for tax relief on savings in the media specified in section 80C (e.g., life insurance, provident funds, 10-year or 15-year Cumulative Time Deposits) up to the higher limits specified in the Income-tax Rules without the operation of the existing condition that the author, playwright, etc., should have effected an insurance on his life or on the life of his spouse prior to 1.3.1964.

Clause 7 seeks to amend sub-section (4) and sub-section (5) of section 80J of the Income-tax Act.

The effect of the proposed amendments is that the "tax holiday" concession under section 80J in relation to profits from industrial undertakings newly set up in India and profits derived by Indian companies from ships, will be available to industrial undertakings which commence production or operation, and ships which are brought into use, at any time up to 31-3-1976. Under the existing provisions of section 80J, the "tax holiday" is available in the case of industrial undertakings which commence production or operation, and ships which are brought into use, at any time up to 31-3-1971 only.

Clause 8 seeks to amend sub-section (1) of section 80L of the Income-tax Act with effect from 1-4-1970, i.e., for and from the assessment year 1970-71. The effect of the proposed amendment will be that dividends from Indian companies will be exempt from tax up to Rs. 1,000 in the case of all categories of shareholders, as against Rs. 500 under the existing law.

Clause 9 seeks to insert a new section 80MM in the Income-tax Act with effect from 1-4-1970. Under the proposed new section 80MM, an Indian company which provides "technical know-how" or renders technical services relating to the provision of "technical know-how", to any

person carrying on a business in India, will be entitled to deduct 40 per cent. of any royalty, commission, fees, or any other payment (not being income chargeable under the head "Capital gains") received by it from such person, in the computation of its total income. This deduction will be available where the "technical know-how" is likely to assist in the manufacture or processing of goods or materials, installation or erection of machinery and plant, mining, including prospecting, or in agriculture, animal husbandry, dairy or poultry farming, forestry or fishing. The allowance of the deduction is subject also to the requirement that the "technical know-how" is provided or technical services are rendered under an agreement entered into by the Indian company with such person on or after 1-4-1969 and such agreement is approved in this behalf by the Central Government before October 1 of the relevant assessment year. The expression "provision of technical know-how" has been defined in sub-section (2) of the new section 80MM.

The above provision will not be applicable in respect of income received by an Indian company from a foreign company where, under section 80O of the Income-tax Act, the whole of such income is to be allowed as a deduction from the taxable income of the Indian company.

Clause 10 seeks to amend section 80P of the Income-tax Act with effect from 1-4-1970.

By one of these amendments, the amount up to which the business income of co-operative societies is exempt from tax, in the generality of cases, is sought to be increased from Rs. 15,000 to Rs. 20,000.

By another amendment, the above exemption from tax in respect of business income of co-operative societies, in the generality of cases, is sought to be extended also to income from insurance business derived by a co-operative society.

Clause 11 seeks to insert a new section 80RR in the Income-tax Act with effect from 1-4-1970. Under the new section 80RR, an author, playwright, artist, musician or actor, resident in India, deriving income in the exercise of his profession from any foreign source will be entitled to a deduction, in the computation of his taxable income, of an amount equal to 25 per cent. of that part of such income which is received in or brought into India by him or on his behalf in foreign exchange in accordance with the Foreign Exchange Regulation Act, 1947 and any rules made thereunder. The proposed provision is sought to be made effective for and from the assessment year 1970-71.

Clause 12 seeks to amend section 208 of the Income-tax Act. By the amendment it is sought to provide that the requirement of payment of advance tax will apply only where the last assessed total income of a person or the current income of a person not hitherto assessed to tax, exceeds a specified amount. The amount specified for this purpose is Rs. 2,500 in the case of a company or a local authority; and Rs. 30,000 in the case of a registered firm. In the case of non-corporate persons (other than registered firms), the amount is (a) Rs. 5,000 where the person was not resident in India in the latest previous year for which he has been assessed to tax or, where such person has not hitherto been assessed to tax by way of regular assessment, he is not likely to be resident in India

during the previous year relevant to the assessment year next following the financial year in which the advance tax is payable; and (b) Rs. 10,000 in any other case.

Clause 13 seeks to amend section 209 of the Income-tax Act.

Sub-clause (a) seeks to amend clause (a) (iii) of section 209. The effect of the proposed amendment will be that even where the total income with reference to which advance tax is computed includes only a part of the income which was subjected to deduction of tax at source, the tax deductible at source from the *whole* of the income subject to the deduction will be set off against the advance tax calculated on the income subject to advance tax and only the balance will be payable as advance tax.

The amendment in sub-clause (b) is consequential to the insertion of a new section (3A) in section 212 of the Income-tax Act under clause 16 of the Bill.

Clause 14 seeks to amend section 210 of the Income-tax Act. The proposed amendment is consequential to the amendment sought to be made to section 211 of the Income-tax Act under clause 15 of the Bill.

Clause 15 seeks to amend section 211 of the Income-tax Act.

Sub-clause (a) seeks to substitute the existing sub-section (1) of section 211 by a new sub-section. Under sub-section (1), as proposed to be substituted, advance tax will be payable by every person (who is liable to pay advance tax) in three equal instalments during the financial year. These instalments will be due on the 15th June, 15th September and 15th December in the financial year in the case of an assessee who derives not less than 75 per cent. of his total income from a source or sources for which he makes up his accounts for a period ending on or before 31st December of that financial year. In any other case, the instalments will be due on the 15th September, 15th December and 15th March of the financial year.

Sub-clause (b) seeks to amend sub-section (2) of section 211. This amendment is consequential to the amendment in clause (a).

Clause 16 seeks to amend section 212 of the Income-tax Act.

Sub-clause (a) seeks to substitute the existing sub-section (1) of section 212 by a new sub-section. The proposed amendment is of a drafting nature and is consequential to the proposed insertion of new sub-section (3A) in section 212 under sub-clause (b).

Sub-clause (b) seeks to substitute the existing sub-section (3) of section 212 by a new sub-section and to insert a new sub-section (3A) after sub-section (3). The changes made in sub-section (3), as sought to be substituted, are of a drafting nature and are consequential to the insertion of new sub-section (3A) in section 212 and also to the amendment of sub-section (1) of section 211 under clause 15 of the Bill.

Under the new sub-section (3A), it will be obligatory on an assessee to furnish an estimate of his current income (*i.e.*, income which is assessable to tax in the assessment year next following the financial year in which the advance tax is required to be paid) and the advance tax payable

thereon. This requirement will apply where the advance tax payable on such current income exceeds the advance tax demanded from him by more than 33½ per cent. of the latter, whether such excess is due to the current income being greater than the last assessed income with reference to which advance tax was demanded or for any other reason.

Clause 17 seeks to amend section 213 of the Income-tax Act. The proposed amendment is consequential to the amendment of section 211 of the Income-tax Act sought to be made under clause 15 of the Bill.

Clause 18 seeks to amend section 215 of the Income-tax Act with effect from 1-4-1970.

Sub-clause (a) seeks to substitute the existing sub-section (1) of section 215 by a new sub-section with effect from 1-4-1970. Under sub-section (1), as proposed to be substituted, in a case where the advance tax paid by the assessee on his own estimate is less than 75 per cent. of the tax determined on regular assessment, simple interest will be charged from him at the current rate of 9 per cent. per annum on the shortfall of the advance tax actually paid from the whole of the tax determined on regular assessment, as against only on the shortfall from 75 per cent. of the assessed tax under the existing law.

Sub-clause (b) seeks to amend clause (ii) of sub-section (2) of section 215. The proposed amendment is consequential to the amendment in sub-clause (a).

Sub-clause (c) seeks to insert a new sub-section (5) in section 215, with a view to defining the expression "assessed tax" used in the said section and in sections 217 and 273.

Clause 19 seeks to amend section 216 of the Income-tax Act with effect from 1-4-1970. The amendment is consequential to the insertion of the proposed sub-section (3A) in section 212 of the Income-tax Act under clause 16 of the Bill.

Clause 20 seeks to amend section 217 of the Income-tax Act by substituting the existing sub-section (1) by two new sub-sections (1) and (1A) with effect from 1-4-1970. New sub-section (1) relates to cases where a person who has hitherto not been assessed to tax fails to furnish an estimate of the advance tax payable by him under sub-section (3) of section 212. In such cases, simple interest will be chargeable at the time of regular assessment from such a person at the current rate of 9 per cent. per annum upon the whole of the tax determined on regular assessment, as against 75 per cent. of such tax under the existing law.

New sub-section (1A) relates to cases where a person from whom a demand of advance tax has been made fails to furnish an estimate of the advance tax payable by him under the new sub-section (3A) of section 212 (proposed to be inserted under clause 16 of the Bill) even where the advance tax payable on his current income exceeds the advance tax demanded from him by more than 33½ per cent. of the latter. In such cases, simple interest will be chargeable at the time of regular assessment from such a person at the current rate of 9 per cent. per annum upon the amount by which the advance tax paid falls short of the tax determined on regular assessment.

Clause 21 seeks to amend section 218 of the Income-tax Act. The proposed amendment is consequential to the insertion of new sub-section (3A) in section 212 of the Income-tax Act under clause 16 of the Bill.

Clause 22 seeks to substitute a new section for section 273 of the Income-tax Act with effect from 1-4-1970. The changes made from the existing section are consequential to the insertion of new sub-section (3A) in section 212 of the Income-tax Act under clause 16 of the Bill, the proposed amendment of section 215 of the Income-tax Act under clause 18 of the Bill and the proposed amendment of section 217 of the Income-tax Act under clause 20 of the Bill. The effect of the proposed changes will be that default, without reasonable cause, in furnishing the estimate required under the proposed sub-section (3A) of section 212 will attract a penalty under section 273 of the Income-tax Act for and from the assessment year 1970-71. The penalty for such default will be a minimum of 10 per cent. and a maximum of 150 per cent. of the amount by which the advance tax demanded under section 210 falls short of 75 per cent. of the tax determined on regular assessment.

Clause 23 seeks to insert two new items (32) and (33) in the Fifth Schedule to the Income-tax Act, with effect from 1-4-1970. The new items sought to be included in the Fifth Schedule are textiles (including those dyed, printed or otherwise processed) made wholly or mainly of cotton, including cotton yarn, hosiery and rope; and textiles (including those dyed, printed or otherwise processed) made wholly or mainly of jute, including jute twine and jute rope. The effect of the above amendments will be that new machinery and plant installed in the cotton and jute textile industries will be eligible for the deduction, on account of development rebate, at the higher rate of 35 per cent. of the cost thereof where these are installed up to 31-3-1970 and 25 per cent. where these are installed after the said date, as against the general rates of 20 per cent. and 15 per cent. respectively.

Clause 24 seeks to make certain amendments to the Wealth-tax Act, 1957.

Sub-clause (a) seeks to amend the definition of "assets" in clause (e) of section 2 of the Wealth-tax Act. The effect of the proposed amendment will be that in relation to the assessment year 1970-71 and subsequent years, "assets" for the purpose of wealth-tax will include agricultural land and growing crops, grass or standing trees on such land and also any building owned and occupied or used by a cultivator or receiver of rent or revenue out of agricultural land.

Sub-clause (b) seeks to amend sub-section (1) of section 5 of the Wealth-tax Act with effect from 1-4-1970. One of the proposed amendments seeks to exempt from wealth-tax the value of growing crops, including fruits on trees and grass on agricultural land. The other amendment seeks to enlarge the scope of the existing exemption from wealth-tax specified in clause (ix) of sub-section (1) of section 5 so as to cover tools, implements and equipment used by the assessee for the cultivation, conservation, improvement or maintenance of agricultural land or for the raising or harvesting of any agricultural or horticultural produce on such land.

Sub-clause (c) seeks to amend sub-section (1) of section 18 of the Wealth-tax Act with effect from 1-4-1969. By the amendment it is proposed to make the following changes in the existing provisions in sub-section (1) of section 18 of the Wealth-tax Act relating to the scale of penalties leviable for defaults, without reasonable cause, in furnishing the return of wealth and in the production of accounts, records and evi-

dence called for by a notice under sub-section (2) or sub-section (4) of section 16 of that Act:—

(i) The penalty for default, without reasonable cause, in furnishing the return of wealth will be an amount equal to one-half per cent. of the net wealth determined on assessment (reduced in the case of a re-assessment by the net wealth assessed previously) for every month during which the default continued, subject to a maximum penalty, in the aggregate, of an amount equal to such net wealth.

(ii) In respect of default, without reasonable cause, in the production of accounts, documents and evidence, the penalty imposable shall be a minimum of one per cent. of the "assessed net wealth" and the maximum, an amount equal to such assessed net wealth.

For this purpose, "assessed net wealth" means the net wealth assessed in original assessment proceedings under section 16 as reduced by the net wealth returned, if any, or the net wealth determined in re-assessment proceedings under section 17 reduced by the net wealth previously assessed or the net wealth returned in such re-assessment proceedings, whichever is greater.

Clause 25 seeks to amend the Third Schedule to the Companies (Profits) Surtax Act, 1964 by way of deleting the proviso in that Schedule, with effect from 1-4-1969. Under the proviso, the aggregate liability of a domestic company in which the public are substantially interested (including a wholly owned subsidiary of such a company) to income-tax and surtax was limited to a ceiling of 70 per cent. of the total income of the company as determined for purposes of income-tax. This ceiling of 70 per cent. has now lost its significance under the prevailing rates of income-tax and surtax in the case of widely-held domestic companies for the assessment year 1969-70. Under these rates of income-tax and surtax, the aggregate liability of such a company to these taxes will, in all cases, be considerably lower than 70 per cent. of the total income.

Clause 26.—Sub-clause (a) seeks to make necessary changes in section 2A of the Indian Tariff Act, 1934 enabling the Central Government to levy on imported articles an additional duty having regard to the excise duty leviable on raw materials, components and ingredients of the same nature as, or similar to, those used in the production or manufacture of such articles.

Sub-clause (b) read with the Second Schedule seeks to provide for assessment at *ad valorem* rate for certain varieties of dried fruits in place of the present statutory provision for levy at specific rates so that the *ad valorem* rate when applied to imports whose assessable values have increased may yield more revenue. A rationalised basis for the levy of import duty on different types of bearings is also being provided. Two new tariff items are also being created carrying flat rates of duties. The first is for all imports for personal use which are exempt from the requirements of the Import Trade Control. The second item covers dutiable articles of ship stores excluding fuel, lubricating oil, alcoholic drinks and tobacco products. The present item 87A is also being suitably modified so as to bring within its scope all dutiable articles of baggage excluding motor vehicles and alcoholic drinks.

Clause 27 seeks to levy up to 31-3-1970, a special duty of customs.

Clause 28 seeks to provide for levy of regulatory duties of customs

up to 15-5-1970, on flexible basis within the specified ceiling rates, for regulating or bringing greater economy in imports.

Clause 29 seeks to continue for another year the provisions of the Indian Tariff (Amendment) Act, 1949.

Clause 30.—

Sub-clause (i) seeks to change the basis for assessment of sugar from weight to value.

Sub-clause (ii) seeks to levy excise duty on chocolates in bulk manufactured with the aid of power.

Sub-clause (iii) seeks to levy excise duty on prepared or preserved foods put up in unit containers and ordinarily intended for sale.

Sub-clause (iv) seeks to raise the rate of duty on cigarettes.

Sub-clause (v) seeks to raise the rate of duty on motor spirit.

Sub-clause (vi) seeks to change the basis for assessment of vegetable product from weight to value.

Sub-clause (vii) seeks to change the basis for assessment of soda ash from weight to value.

Sub-clause (viii) seeks to change the basis for assessment of caustic soda from weight to value.

Sub-clause (ix) seeks to change the basis for assessment of sodium silicate from weight to value.

Sub-clause (x) seeks to levy excise duty on fertilisers.

Sub-clause (xi) seeks to change the basis for assessment of soap from weight to value.

Sub-clause (xii) seeks to change the basis for assessment of certain varieties of cotton fabrics to *ad valorem* basis. It also seeks to widen the scope of the tariff Item "Cotton fabrics" so that embroidery in the piece, in strips or in motifs and imitation leather cloth, rexine, etc., manufactured from plain cotton fabrics are assessed to duty under the said Item.

Sub-clauses (xiii) and (xiv) seek to widen the scope of tariff Items "Silk fabrics" and "Woollen fabrics" so that embroidery in the piece, in strips or in motifs, manufactured from plain silk or woollen fabrics, would be assessable to duty under the said Items, respectively.

Sub-clause (xv) seeks to widen the scope of the tariff Item "Rayon or artificial silk fabrics" so that embroidery in the piece, in strips or in motifs and imitation leather cloth, rexine, etc., manufactured from plain rayon or artificial silk fabrics are assessed to duty under the said Item.

Sub-clause (xvi) seeks to raise the rates of duty on jute manufactures.

Sub-clause (xvii) seeks to make a clarificatory change in the Item relating to textile fabrics impregnated or coated with preparations of cellulose derivatives or of other artificial plastic materials consequent upon some varieties of such impregnated or coated fabrics being included in the Items relating to cotton fabrics and rayon or artificial silk fabrics.

Sub-clause (xviii) seeks to omit the Item relating to embroidery.

Sub-clause (xix) seeks to change the basis for assessment of cement from weight to value.

Sub-clause (xx) seeks to levy excise duty on certain wire bars, wire rods and castings of copper and copper alloys.

Sub-clause (xxi) seeks to levy excise duty on certain wire bars, wire rods and castings of aluminium.

Sub-clause (xxii) seeks to levy excise duty on power driven pumps for liquids.

Sub-clause (xxiii) seeks to change the assessment of certain electric lighting bulbs and fluorescent lighting tubes to *ad valorem* basis and suitably adjust the rates of duty on electric bulbs and fluorescent lighting tubes after merging therein the excise duty chargeable on glass shells.

Sub-clause (xxiv) seeks to change the assessment of electric fans to *ad valorem* basis and to omit parts of electric fans from the Item relating to electric fans.

Sub-clause (xxv) seeks to levy excise duty on certain domestic electrical appliances.

Sub-clause (xxvi) seeks to levy excise duty on unexposed cinematograph films and raise the rates of duty on exposed cinematograph films.

Sub-clause (xxvii) seeks to make certain changes of a clarificatory nature in the Item relating to gramophones.

Sub-clause (xxviii) seeks to levy excise duty on pilfer proof caps for packaging and on wool tops.

Clause 31 seeks to continue up to 31-3-1970 the existing special duties of excise.

Clause 32 seeks to provide for levy of regulatory duties of excise up to 15-5-1970 on a flexible basis within the specified ceiling rate, for regulating or bringing greater economy in consumption.

Clause 33.—

Sub-clause (i) seeks to change the basis for assessment of additional excise duty (in lieu of sales tax) on sugar from weight to value.

Sub-clause (ii) seeks to widen the scope of the tariff Item "Cotton fabrics" so that embroidery in the piece, in strips or in motifs and imitation leather cloth, rexine, etc., manufactured from plain cotton fabrics are assessed to additional duty under the said Item.

Sub-clauses (iii) and (iv) seek to widen the scope of the tariff Items "Silk fabrics" and "Woollen fabrics" so that embroidery in the piece, in strips or in motifs, manufactured from plain silk fabrics or woollen fabrics would be assessable to additional duty under the said Items, respectively.

Sub-clause (v) seeks to widen the scope of the tariff Item "Rayon or artificial silk fabrics" so that embroidery in the piece, in strips or in motifs and imitation leather cloth, rexine, etc., manufactured from plain rayon or artificial silk fabrics are assessed to additional duty under the said Item.

Clause 34, like section 42 of the Finance Act, 1968, provides that salt shall be duty free for another year.

FINANCIAL MEMORANDUM

INCOME-TAX AND OTHER DIRECT TAXES

The provision contained in clause 24 of the Finance Bill, 1969 seeks to extend the levy of wealth-tax to agricultural lands and buildings on or near the land and owned and occupied or used by a cultivator or receiver of rent or revenue out of agricultural lands. This will result in a considerable increase in the workload on the Income-tax Department and will necessitate the employment of an additional number of officers and other staff. The expenditure on this account, together with the incidental expenses on administration, is estimated at about Rs. 75 lakhs as indicated hereinbelow:—

	No.	Annual emoluments	Cost
		Rs.	Rs.
<i>A. Recurring Expenditure</i>			
I. <i>Officers</i>			
Commissioners of Income tax	4	4 × 25,200	1,00,800
Assistant Commissioners	10	10 × 16,800	1,68,000
Income-tax Officers (Cl. I)	150	150 × 11,040	16,56,000
			<u>19,24,800</u>
II. <i>Staff</i>			
Inspectors	300	}	40,64,544
Supervisors	20		
Head Clerks	50		
Stenographers	14		
U.D.Cs.	500		
Steno-typists	150		
L. D. Cs.	150		
Notice Servers	150		
III. Incidental expenses including Class IV staff.			<u>10,00,000</u>
			69,89,344
<i>B. Non-recurring Expenditure</i>			
Furniture, office equipment, etc.			<u>5,00,000</u>
			74,89,344
		or say	<u>75,00,000</u>

INDIRECT TAXES

Clause 30 of the Bill seeks to levy new excise duties on—

1. Chocolates in bulk;
2. Fertilisers;
3. Power driven pumps;
4. Domestic electrical appliances;
5. Prepared or preserved foods;
6. Unexposed cinematograph films;
7. Pilfer proof caps for packaging; and
8. Wool tops.

Besides, it is proposed to convert the specific rates of duty on nine existing commodities into *ad valorem* rates.

The new levies will necessitate the employment of some additional staff not only in the field formations but also in the Directorate of Inspection and in the Secretariat.

With the expansion of Central Excise Tariff in coverage, conversion of specific levies into *ad valorem* levies and enhancement in the rates of duty on the existing commodities, it becomes necessary to—

(i) strengthen the higher supervision over tariff classification and valuation of goods in the Collectorates of Central Excise;

(ii) augment the inspection staff of the Directorate of Inspection;

(iii) keep a close watch on the trends and patterns of production, consumption and price movement of the excisable goods for suitably adjusting the tax levels; and

(iv) provide the necessary number of officers and staff in the Secretariat of the Board/Ministry for handling the additional work.

Additional staff requirement for the above purpose is as under:—

	No.	Annual Emoluments	Cost
		Rs.	Rs.
<i>A. Recurring Expenditure</i>			
<i>A. For Secretariat</i>			
<i>(a) Officers</i>			
Under Secretaries	2	2 × 14,000	28,000
Section Officers	2	2 × 9,000	18,000
<i>(b) Staff</i>			
Assistants	8	8 × 5,000	40,000
Stenographer	1	1 × 5,000	5,000
L.D. Clerks	4	4 × 3,000	12,000
<i>B. For Collectorates</i>			
<i>Officers</i>			
Superintendents of Central Excise Class II	14	14 × 9,000	1,26,000
Assistant Collectors	7	7 × 11,000	77,000
<i>C. For Regional Units of Directorate of Inspection, Customs and Central Excise</i>			
<i>Officers</i>			
Inspecting Officers (Superintendents of Central Excise Cl.I)	4	4 × 11,000	44,000
<i>D. Statistics and Intelligence Branch (Central Excise)</i>			
Research Officers	2	2 × 10,000	20,000
<i>E. Incidental expenses, Contingence, etc.</i>			
			50,000
		Total	4,20,000
<i>B. Non-recurring Expenditure</i>			Nil

MEMORANDUM REGARDING DELEGATED LEGISLATION

Sub-clause (a) of clause 26 seeks to replace sub-section (2) of section 2A of the Indian Tariff Act, 1934, by a new sub-section so as to enable the Central Government to make rules for the purpose of determining the additional duty leviable on an imported article, such duty being on account of the excise duty leviable on raw materials, components or ingredients used in the production or manufacture of a like article in India.

The aforesaid matter in respect of which rules will be made is a matter of procedure and detail and it is hardly practicable to provide for these in the Bill itself. The delegation of legislative power is thus of a normal character.

S. L. SHAKDHER,

Secretary.

